

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6198

BILL NUMBER: SB 94

NOTE PREPARED: Feb 25, 2013

BILL AMENDED: Feb 12, 2013

SUBJECT: Electric Transmission Owners

FIRST AUTHOR: Sen. Leising

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X
 X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: The bill authorizes the Indiana Utility Regulatory Commission (IURC) to grant a new electric transmission owner authority to operate as a public utility under certain conditions. It provides that an incumbent electric transmission owner has a right of first refusal to construct a local reliability facility. It authorizes the IURC to resolve certain disputes between new and incumbent electric transmission owners.

Effective Date: Upon Passage.

Explanation of State Expenditures: The bill provides guidelines for review and requires the IURC to approve new electrical utilities if certain conditions are met. It further provides procedures on the potential contract between the new electrical utility and an incumbent electric utility. It requires IURC to resolve any dispute.

These provisions could increase administrative costs for the IURC. Any increase in administrative costs will be offset by public utility fees. The IURC and the Office of Utility Consumer Counselor (OUCC) are funded by public utility fees. Each public utility must pay 0.15% of its gross intrastate operating revenues for the preceding calendar year. The actual fee is based on the budgets of IURC and OUCC. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the fund exceeds the total appropriations for the IURC and the OUCC (plus a \$250,000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees.

Electric Utility Authority: The bill defines "new electric transmission owner" as an entity organized to

primarily operate an electric transmission facility in Indiana and that on the date of its incorporation or organization, does not own, operate, or maintain an electric transmission facility.

The bill allows the IURC to grant a new electric utility authority to operate as a public utility in Indiana if the IURC makes the following findings:

- (1) The new electric transmission owner has the financial, managerial, and technical capability to construct, own, operate, and maintain an electric transmission facility;
- (2) The new electric transmission owner has the ability and intent to comply with all statutes, rules, and regulations enforced by the commission;
- (3) The new electric transmission owner has the intent to construct, own, operate, and maintain an electric transmission facility that is under consideration for selection in a regional transmission plan; and
- (4) The new electric transmission owner has provided written notice of its request for authority under this section to each incumbent electric transmission owner that may connect its existing electric transmission facility to the new electric transmission facility of the new electric transmission owner.

The bill provides that the IURC may consider the creditworthiness of the new electric utility in regards to granting authority to the utility. It provides further guidelines related to granting the authority to operate.

The bill provides that an incumbent electric transmission owner has the right to construct, own, operate, and maintain the following:

- (1) A local reliability electric transmission facility that connects to an electric transmission facility owned by the incumbent electric transmission owner.
- (2) Upgrades to an existing electric transmission facility owned by the incumbent electric transmission owner.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IURC.

Local Agencies Affected:

Information Sources: <http://www.ferc.gov/industries/electric/indus-act/trans-plan.asp>

Fiscal Analyst: Randhir Jha, 317-232-9869.